
Program Memorandum

Carriers

Department of Health and
Human Services (DHHS)
HEALTH CARE FINANCING
ADMINISTRATION (HCFA)

Transmittal B-00-45

Date: AUGUST 31, 2000

CHANGE REQUEST 1293

SUBJECT: Reporting of Carrier Pricing Methodology for Influenza (flu) and Pneumococcal (PPV) Vaccinations to HCFA

Each year, staff at central office (CO) and the regional offices (ROs) are required to furnish answers and explanations to a number of questions and complaints from providers as to reimbursement rates for flu and PPV vaccinations. As the administration codes are paid through a link to the Medicare Physician Fee Schedule, payment amount may differ by locality. The payment rates for the vaccine codes are determined by each carrier using one of the methodologies described in Program Memorandum Transmittal AB-99-63, Implementation of the New Payment Limit for Drugs and Biologicals.

In order to better understand how our carriers are pricing claims and be in a better position to defend those pricing decisions, we are requiring that each carrier furnish us with the pricing methodology used to determine the prices of the flu and PPV vaccines. We are also requiring that the reimbursement rates for the administration HCPCS codes G0008 and G0009 be reported. At the present time, the flu vaccine HCPCS codes are 90657, 90658 and 90659. The code for PPV vaccine is 90732. Should additional codes be added in the future, the same information should be supplied for those codes as well.

Beginning with the fourth quarter of 2000, and 30 days after each calendar year quarter, the following information described in items 1 through 3 should be provided to CO with a copy to the appropriate local RO at the addresses provided below.

1. State which drug pricing resource was used for your calculation of Average Wholesale Price (AWP). (For example, Red Book, Medispan)

2. Based on Transmittal AB-99-63, state whether the single source or multiple source instruction was used. If the single source method was used, specify that source and price. If the multiple source instruction was used, provide a step by step explanation of what was included in the median calculation and a comparison of that to the price of the lowest brand name product.

3. List the reimbursement rates for each of the vaccine codes.

4. For the administration codes G0008 and G0009, provide the reimbursement rates with the first report you make for each year. For 2000, report this information with the October 30 report. For 2001, report the information with the January 30 report.

In order to take into account the fluctuations in drug pricing, the same information should be provided for the first quarter of 2001. The cycle will then recommence with the third quarter of 2001. If no changes occur between quarters, that must be reported as well.

If you are using a software package to determine drug pricing, you should have your software vendor provide answers to the above questions.

If at a future date, HCFA designates a sole source drug pricing entity, the activities outlined in this PM will no longer be required.

The required information should be sent to CO with a copy to the appropriate local RO at the addresses below. With RO approval, carriers may submit the information by fax or e-mail to the RO. Carriers may mail a hardcopy report or e-mail a report to CO.

CO

Division of Practitioner Claims Processing
Health Care Financing Administration
Mail Stop C4-10-07
7500 Security Boulevard
Baltimore, MD 21244

e-mail: LTRAZZI@HCFA.gov

RO

Program Integrity Branch
Division of Financial Management
HCFA/Medicare
Room 2375
JFK Federal Building
Boston, MA 02203

HCFA/Medicare
26 Federal Plaza
Room 38-110
New York, NY 10278

HCFA/Medicare
The Public Ledger Building, Suite 216
150 S. Independence Mall West
Philadelphia, PA 19106-3499

HCFA/Medicare
Atlanta Federal Center
61 Forsyth Street, Suite 4T20
Atlanta, GA 30303-8909

HCFA/Medicare
233 N. Michigan Avenue
Suite 600
Chicago, IL 60601

HCFA/Medicare
Division of Beneficiary Health Plans and Providers
Room 827
1301 Young Street
Dallas, TX 75202

Health Care Financing Administration
Division of Beneficiary Services
ATTN: Natalie Myers
Room 242
601 East 12th Street
Kansas City, MO 64106

HCFA
Medicare Administration Branch
1600 Broadway, Suite 700
Denver, CO 80202

HCFA/Medicare
75 Hawthorne St.
5th Floor
San Francisco, CA 94105

HCFA/Medicare
ATTN: Teresa Schoen
2201 Sixth Avenue
Mail Stop RX-45
Seattle, WA 98121-2500

The *effective date* for this Program Memorandum (PM) is October 1, 2000.

The *implementation date* for this PM is October 1, 2000.

These instructions should be implemented within your current operating budget.

This PM may be discarded after October 1, 2001.

If you have any questions, contact your local regional office.